

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 2003-348

August 4, 2004

PUBLIC UTILITIES COMMISSION
Investigation Into the Conservation Fund
Assessments of the COUs

SUPPLEMENTAL
EXAMINER'S REPORT

NOTE: This Report contains an alternative recommendation of the Hearing Examiner, to the recommendation made in the Examiner's Report of June 15, 2004. The paragraph beginning "More importantly" on page 21 of the June 15 Examiner's Report and all subsequent paragraphs should now be considered ALTERNATIVE A. This Supplemental Examiner's Report should be considered ALTERNATIVE B. The Commission will consider both recommendations, ALTERNATIVE A and ALTERNATIVE B, when this case is deliberated.

Like the June 15 Examiner's Report, this Supplemental Report does not constitute Commission action. Parties may file responses or exceptions to either or both the June 15 Examiner's Report and this Supplemental Report on or before **August 25, 2004**.

ALTERNATIVE B.

Subsection 4 of the Act directs the Commission to at least consider each individual T&D utility service territory when the Commission makes its funding decisions. Only by examining each T&D utility can we decide that the total conservation expenditures are based on the relevant characteristics of the T&D utility. To ignore the impact MPI has on MEW, we must decide that MPI's size relative to the rest of MEW is not a "relevant characteristic" in making an assessment on MEW. However, we believe it is relevant that MPI constitutes almost 90% of MEW's load. If there are no opportunities for cost effective conservation at MPI, then only 10 percent of the MEW load offers cost effective conservation potential. As such, the potential for energy efficiency in the MEW service territory would not be proportionate to the other T&D service territories. Therefore, we agree with MPI that, if MPI offers no cost effective

conservation, we will treat that fact as a relevant characteristic of the MEW service territory and conclude that the achievable cost effective conservation available in the MEW service territory is insufficient to justify any assessment above the statutory minimum.

However, we are not yet persuaded that MPI faces a prospect of no cost effective conservation measures. The fact that it has already invested in some, or even many, measures does not demonstrate that the potential for additional cost effective measures is zero.

Because of the unique circumstances of the MEW service territory and of MPI's assertions that it has already invested in considerable conservation, we desire an independent assessment of the cost effective conservation potential at the MPI facility by means of site-specific technical energy audit. To assure that the analysis is conducted in a manner consistent with our Rules, the Efficiency Maine Staff will choose and manage the consultant or service provider who will conduct the audit. The audit will be paid for by the Commission out of the Conservation Fund.

Of course, the audit can occur at MPI only to the extent that MPI consents. Provided MPI consents, then the MEW assessment will not change until after the audit is complete and reviewed for at least 30 days. If MPI does not consent to the audit, then the MEW assessment will be adjusted to include all kWh delivered by MEW, including kWh delivered to MPI, effective 30 days after the date of this Order.

If the audit is performed, and the auditor concurs with MPI's assessment of its conservation potential, MEW will be assessed at the statutory minimum. If the auditor finds that cost effective conservation potential exists at the facility, then MEW will be assessed at the level called for in the April 4 Order and the Commission will work to design a program or programs for which MPI will be eligible.

[The Ordering Paragraphs would have to be modified to be consistent with this alternative recommendation.]

Respectfully submitted,

James A. Buckley
Hearing Examiner